

## Message Text

SECRET

PAGE 01 STATE 285458

73

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY E:WDROGERS/RSORENSEN:PB

APPROVED BY E:WDROGERS

S/S - PSEBASTIAN

EB - JKATZ

S/S- PSEBASTIAN

EB - JKATZ

----- 053688

O 200047Z NOV 76

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

S E C R E T STATE 285458

EXDIS - FROM UNDER SEC ROGERS FOR THE AMBASSADOR

E.O. 11652: GDS

TAGS:EGEN

SUBJECT: PRESIDENT PEREZ ON OPEC AND CIEC

OECD PARIS FOR BOSWORTH CIEC DELEGATION

1. TREASURY UNDER SECRETARY ED YEO AND I MET NOVEMBER 16 WITH PRESIDENT CARLOS ANDRES PEREZ, FOREIGN MINISTER ESCOVAR SALOM AND MINISTER PEREZ GUERRERO. THERE IS NO EVIDENCE THAT WE PERSUADED THE PRESIDENT TO NEW VIEWS ON THE OPEC PRICE RISE.

2. YEO DISCUSSED THE PARLOUS ECONOMIC SITUATION IN THE UNITED KINGDOM AND ITALY, AS WELL AS MEXICO, BRAZIL, PORTUGAL AND FRANCE. I SUGGESTED THAT THERE WERE REASONS OF DOMESTIC POLITICS WHICH WOULD SUGGEST THAT THIS WAS NOT THE BEST TIME FOR A PRICE INCREASE.

3. PEREZ REPLIED BY LINKING THE PRICE INCREASE AND THE CIEC PARIS MEETINGS--TO THE EVIDENT DELIGHT OF PEREZ

SECRET

SECRET

PAGE 02 STATE 285458

GUERRERO. THE PRESIDENT EXPLAINED THAT THE PRICE INCREASE

WAS NECESSARY TO RECAPTURE THE LOSS INCURRED BY THE RECENT INCREASE IN THE COST OF VENEZUELA'S IMPORTS. HE AND PEREZ GUERRERO DISCUSSED OUR CALCULATIONS SHOWING ONLY A FOUR PERCENT INCREASE IN IMPORT COSTS SINCE THE LAST OPEC EXPORT PRICE INCREASE. HE SAID FURTHERMORE THAT THE PRICE INCREASE WAS NOT DESIGNED TO ADVANTAGE THE OPEC MEMBERS BUT RATHER THE OIL-LESS LDCS. HE WOULD INSURE

THAT THE OIL PRICE INCREASE WOULD NOT IMPACT ADVERSELY ON THE LDCS. AND HE WAS CERTAIN THAT THE EXTENT OF THE PRICE INCREASE WOULD DEPEND ON THE RESULTS IN PARIS. IF THE RESULTS IN PARIS WERE UNFAVORABLE, THE PRICE INCREASE WOULD BE MORE THAN FIFTEEN PERCENT.

4. HE THEN SUGGESTED A NON-FINAL MEETING IN PARIS IN DECEMBER. THE G-8 COULD PRESHADOW THE CONCESSIONS IT MIGHT POSSIBLY MAKE LATER IN THE SPRING. OPEC WOULD THEN MEET AND ENACT A SMALL INCREASE. THIS WOULD BE FOLLOWED BY A CIEC MINISTERIAL MEETING IN THE SPRING, AT WHICH TIME THE UNITED STATES WOULD BE REPRESENTED BY THE NEW ADMINISTRATION. THAT, IN TURN, COULD BE FOLLOWED BY ANOTHER OPEC MEETING.

5. I EXPRESSED UNEASE AT THE LINKAGE OF OPEC AND CIEC RESULTS. THE PRESIDENT REPLIED THAT WE HAD TO FACE THE REALITY OF THE FACT THAT ALL THE OPEC MEMBERS WERE IN FAVOR OF A PRICE INCREASE AND THE ONLY QUESTION WAS HOW MUCH; FOR HIS PART, VENEZUELA WAS A MODERATE.

6. VENEZUELAN SCENARIO IS CLEARLY DESIGNED TO BRING MAXIMUM PRESSURE ON G-8 THROUGH CIEC-OIL PRICE LINKAGE, AND WE MUST MAKE IT CLEAR TO ALL CONCERNED THAT SUCH LINKAGE IS UNACCEPTABLE. WE BELIEVE THAT THE OPEC DECISION WILL, IN THE FINAL ANALYSIS, NOT BE DETERMINED BY CIEC'S OUTCOME, BUT BY THEIR ASSESSMENT OF THE MARKET AND THE ECONOMIC AND POLITICAL CONSEQUENCES OF A PRICE RISE. TO ACCEPT LINKAGE WOULD OPEN US TO BLACKMAIL WHICH WOULD LEAD TO UNTOLD CONSEQUENCES, AND IT MUST BE MADE APPARENT TO ALL PARTIES THAT EACH ISSUE MUST BE DECIDED ON ITS OWN MERITS. FOR OUR PART, WE ARE DOING  
SECRET

SECRET

PAGE 03 STATE 285458

EVERYTHING POSSIBLE IN CIEC TO FIND REALISTIC ANSWERS TO THE REAL PROBLEMS OF THE DEVELOPING WORLD BECAUSE IT IS IN OUR OWN INTEREST TO DO SO. WE BELIEVE IT IS ALSO IN OPEC'S INTEREST TO TAKE INTO ACCOUNT THE EFFECTS ON THE WORLD ECONOMY AND ULTIMATELY ON THEMSELVES OF THE DECISION THEY WILL MAKE. KISSINGER

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, POLICIES, DIPLOMATIC DISCUSSIONS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 NOV 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE285458  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** WDROGERS/RSORENSEN:PB  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760432-0326  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761128/aaaaaxtc.tel  
**Line Count:** 113  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN SS  
**Original Classification:** SECRET  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** EXDIS  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 APR 2004 by hartledg>; APPROVED <02 NOV 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRESIDENT PEREZ ON OPEC AND CIEC OECD PARIS FOR BOSWORTH CIEC DELEGATION  
**TAGS:** EGEN, ENRG, VE, US, OPEC  
**To:** CARACAS OECD PARIS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006